

AMENDED IN SENATE MAY 1, 2012

AMENDED IN SENATE APRIL 9, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 1224**

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**Introduced by Committee on Veterans Affairs (Cook (Chair), Pan (Vice Chair), Block, Gorell, Nielsen, V. Manuel Pérez, Williams, and Yamada)**

February 18, 2011

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An act to amend Sections 987.60, 987.67, 987.71, 987.785, 987.79, and 987.84 of, and to add Section 987.93 to, the Military and Veterans Code, ~~and to amend Section 10205 of the Unemployment Insurance Code,~~ relating to veterans, and declaring the urgency thereof, to take effect immediately.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1224, as amended, Committee on Veterans Affairs. Veterans: veterans' farm and home ~~purchases: Employment Training Panel: training programs: purchases.~~

The Veterans' Farm and Home Purchase Act of 1974 authorizes the Department of Veterans Affairs to assist veterans in acquiring homes and farms, including cooperative dwelling units, by generally providing that the department may purchase a farm or home that the department then sells to a purchaser, as defined.

This bill would authorize the Department of Veterans Affairs to adopt regulations to implement the act described above for cooperative dwelling units in accordance with the Administrative Procedure Act. The bill would also revise provisions relating to forfeiture and the

calculation of net gain in connection with the sale of a cooperative dwelling units.

The Veterans' Farm and Home Purchase Act of 1974 requires the purchaser to make an initial payment of at least 2% of the selling price of the property or a higher amount as determined by the Department of Veterans Affairs based on the creditworthiness of the purchaser.

This bill would eliminate the requirement that the higher amount determined by the department to be paid by the purchaser be based on the creditworthiness of the purchaser.

~~Existing law establishes the Employment Training Panel (ETP) in the Employment Development Department, and prescribes the membership and functions and duties of the ETP with regard to the development and implementation of specified employment training programs. Existing law requires the ETP, among other things, to establish a 3-year plan, as specified, that is required to be updated annually, as provided, and requires that the updated plan be submitted to the Governor and the Legislature not later than January 1 of each year. Existing law requires the ETP, in carrying out its responsibilities related to the plan, to maintain a system to continuously monitor economic and other data required under the plan, and requires that the plan include specified components to identify and address employment training needs in the state.~~

~~This bill would additionally require that the plan include a statement describing the employment training goals, objectives, and strategies that may be implemented to support target populations in need of employment training, including military veterans and members of the National Guard.~~

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 987.60 of the Military and Veterans Code
- 2 is amended to read:
- 3 987.60. (a) The department may acquire the farm or home
- 4 from its owner or may contract with a veteran for the construction
- 5 of a dwelling and other improvements for a farm or home, upon
- 6 the terms agreed under all of the following terms and conditions:

1 (1) The department is satisfied of the desirability of the property  
2 submitted.

3 (2) The veteran has agreed with the department that he or she,  
4 or members of his or her immediate family, will actually reside  
5 on the property within 60 days from the date of purchase by the  
6 department, or, if the residence on the property is not complete on  
7 the date of purchase, within 60 days after the residence is  
8 completed, and will continue to reside on the property until all  
9 payments due the department have been paid or the farm or home  
10 is sold, except where the occupancy requirement is waived pursuant  
11 to Section 987.62.

12 (3) If the department is to contract with a veteran for the  
13 construction of a dwelling and other buildings, or for the purchase  
14 of a mobilehome, all of the following are required:

15 (A) The veteran shall be the owner of the real property on which  
16 the dwelling and other buildings are to be constructed, or shall be  
17 the owner of the real property or shall be the owner of an undivided  
18 interest in common in a portion of a parcel of real property on  
19 which a mobilehome or cooperative dwelling unit is to be situated,  
20 and agrees to convey that property to the department without cost.

21 (B) The veteran has paid a reasonable fee set by the department  
22 to cover the cost of any preliminary service of the department that  
23 may be necessary to process the application.

24 (C) The veteran has filed with the department adequate plans  
25 and specifications for the improvements to be constructed upon  
26 the real property, together with a contract, executed by a contractor  
27 licensed by the State of California for the construction of the  
28 improvements in accordance with the plans and specifications  
29 within 12 months after the acquisition of the property by the  
30 department. The department may require a bond or other security  
31 instrument executed by the contractor in an amount determined  
32 by the department providing for compliance with the terms of the  
33 contract and for the payment of persons furnishing material or  
34 labor on the job, executed by a surety company, or other financial  
35 institution, authorized to do business in the State of California.  
36 The department may also require course-of-construction insurance  
37 for public liability, property damage, and workers' compensation.

38 (D) The plans, specifications, contract, and other required  
39 documents or security instruments are approved by the department.

1 (E) The veteran has placed in escrow all sums of money to be  
2 advanced by him or her, where the cost is in excess of the  
3 maximum that may be expended by the department.

4 (b) As used in this ~~section~~ *section*, “immediate family” includes  
5 only the veteran’s spouse, natural or adoptive dependent children,  
6 and parents only if the parents are dependent upon the veteran for  
7 50 percent or more of their support.

8 SEC. 2. Section 987.67 of the Military and Veterans Code is  
9 amended to read:

10 987.67. (a) Before the purchase of any property by the  
11 department there shall be filed with the department (1) an  
12 appraisal of the market value of the property by an employee  
13 or an authorized agent of the department, (2) an appraisal of  
14 the market value of the property by either the Federal Housing  
15 Administration or the Veteran’s Administration, and in addition  
16 there may be filed with the department an appraisal of the  
17 market value of the property by an authorized appraiser of a  
18 banking corporation formed under the laws of this state or of a  
19 national banking association having a place of business in this  
20 state, or (3) an appraisal of the market value of the property  
21 by an appraiser licensed or certified in this state. Each appraisal  
22 shall be certified by the maker thereof. The certification shall state  
23 that it is made in good faith, and that the valuation is honestly  
24 determined and represents the bona fide opinion of the maker.

25 (b) The department shall establish guidelines to ensure greater  
26 participation of state-licensed or state-certified real estate appraisers  
27 and shall establish an outreach program to effectively disseminate  
28 information concerning the participation to professional appraisal  
29 associations or trade groups.

30 SEC. 3. Section 987.71 of the Military and Veterans Code is  
31 amended to read:

32 987.71. (a) The purchaser shall make an initial payment of at  
33 least 2 percent of the selling price of the property or a higher  
34 amount that shall be determined by the department. The department  
35 may waive the initial payment in any case where the value of the  
36 property as determined by the department from an appraisal equals  
37 the amount to be paid by the department plus at least 5 percent. In  
38 the case of a purchase requiring a loan guaranty by the United  
39 States Department of Veterans Affairs, the department may waive  
40 the initial payment and the purchaser shall pay the loan guaranty

1 fee, which may be added to the loan amount. The department may  
2 require the purchaser to pay a loan origination fee, not to exceed  
3 1 percent of the loan amount, which may be added to the loan  
4 amount.

5 (b) The balance of the loan amount may be amortized over a  
6 period fixed by the department, not exceeding 40 years for farms  
7 or homes, not including cooperative housing stock related to  
8 mobilehomes, and not exceeding 30 years for mobilehomes,  
9 including cooperative housing stock related to mobilehomes,  
10 located in mobilehome parks, as defined in Section 18214 of the  
11 Health and Safety Code, together with interest thereon at the rate  
12 determined by the department pursuant to Section 987.87 for these  
13 amortization purposes.

14 (c) The department may, in order to allow the veteran to  
15 purchase the home selected without incurring excessive monthly  
16 payments, at the time of initial purchase, postpone the  
17 commencement of payment of the principal balance for a period  
18 not to exceed five years if the veteran's current income meets the  
19 standards for purchase on these terms and if the department  
20 determines, in accordance with previously established criteria for  
21 these determinations, that the veteran's income can reasonably be  
22 expected to increase sufficiently within the five-year period to  
23 make the transition to fully amortized principal and interest  
24 payments, so long as the total term of the contract of purchase does  
25 not exceed 40 years, or 30 years where the contract relates to a  
26 mobilehome located in a mobilehome park, as defined in Section  
27 18214 of the Health and Safety Code.

28 (d) The purchaser on any installment date may pay any or all  
29 installments still remaining unpaid.

30 (e) In any individual case, the department may for good cause  
31 postpone, from time to time, upon terms the department determines  
32 to be proper, the payment of the whole or any part of any  
33 installment of the purchase price or interest thereon.

34 (f) Each installment shall include an amount sufficient to pay  
35 the principal and interest on the participation contract to which the  
36 interest of the department is subject, and any amount as may be  
37 required by a covenant or provision contained in any resolution  
38 of issuance.

(g) When a purchaser makes an initial payment of less than 20 percent of the selling price of the property, the department shall do all of the following:

(1) Take prudent measures to minimize losses from loan defaults and loan delinquencies.

(2) (A) Ensure the continued financial solvency of the loan program by charging fees to cover the costs, as determined by the department, of any loan guaranty, primary mortgage insurance, or other similar arrangement.

(B) Fees charged under this paragraph may be included in the amount of the loan, collected in advance, or collected as part of the monthly payment.

(h) (1) Subject to paragraph (2), the department may provide initial payment assistance to lower income first-time purchasers by providing a deferred-payment second loan, upon which simple interest shall be charged at a rate established by the department.

(2) A deferred-payment second loan described in paragraph (1) is subject to all of the following conditions:

(A) The loan may not exceed 3 percent of the selling price of the farm or home.

(B) The loan shall be secured by a deed of trust or, if authorized by the department, another form of security.

(C) The loan shall be due and payable upon the payment in full of the contract or upon the sale or transfer of the farm or home.

SEC. 4. Section 987.785 of the Military and Veterans Code is amended to read:

987.785. Except as otherwise may be provided by the department pursuant to regulations promulgated by the department with respect to a cooperative dwelling unit owned by a limited equity housing cooperative, whenever the department cancels a contract and takes possession of a property pursuant to Section 987.77 and elects to sell the property covered by a forfeited contract, the department may, at its option, establish a procedure for listing the property for sale, together with similarly located properties, with a licensed real estate broker. The department may, in this connection, prepare schedules of properties available for sale by geographic areas and may offer a schedule from time to time to any licensed real estate broker within the geographic area covered by the schedule for a fee which shall be sufficient to cover the costs to the department in compiling the schedules and making

1 them available. If the department enters into a real estate listing  
2 agreement, exclusive or otherwise, with a licensed real estate  
3 broker, the department shall cooperate with the broker in all  
4 customary respects and make the property available at reasonable  
5 times for inspections by prospective purchasers.

6 SEC. 5. Section 987.79 of the Military and Veterans Code is  
7 amended to read:

8 987.79. (a) Except as otherwise provided in subdivision (b),  
9 the department may, in the contract of purchase with a veteran,  
10 provide that, in the event of default by the veteran and forfeiture  
11 of his or her rights under the contract and subsequent sale of the  
12 property by the department, it may pay to the veteran any net gain  
13 realized by the department upon the sale. The department is the  
14 sole judge of the net gain.

15 (b) The net gain realized by the department upon the sale of a  
16 cooperative dwelling unit owned by a limited equity housing  
17 cooperative shall be determined in accordance with regulations  
18 established by the department.

19 SEC. 6. Section 987.84 of the Military and Veterans Code is  
20 amended to read:

21 987.84. Except as may otherwise be permitted by the  
22 department pursuant to regulations established by the department,  
23 the right to declare a forfeiture for breach of a condition contained  
24 in any deed to real property or in any cooperative dwelling unit  
25 ownership documents may not be enforced as against the interest  
26 of the department in said property or any portion thereof.

27 SEC. 7. Section 987.93 is added to the Military and Veterans  
28 Code, to read:

29 987.93. The department may adopt regulations to implement  
30 this article for cooperative dwelling units in accordance with the  
31 Administrative Procedure Act (Chapter 3.5 (commencing with  
32 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
33 Code).

34 ~~SEC. 8. Section 10205 of the Unemployment Insurance Code~~  
35 ~~is amended to read:~~

36 ~~10205. The panel shall do all of the following:~~

37 ~~(a) Establish a three-year plan that shall be updated annually;~~  
38 ~~based on the demand of employers for trained workers, changes~~  
39 ~~in the state's economy and labor markets, and continuous reviews~~  
40 ~~of the effectiveness of panel training contracts. The updated plan~~

1 shall be submitted to the Governor and the Legislature not later  
2 than January 1 of each year. In carrying out this section, the panel  
3 shall review information in the following areas:

4 (1) Labor market information, including the state-local labor  
5 market information program in the Employment Development  
6 Department and other relevant regional or statewide initiatives and  
7 collaboratives.

8 (2) Evaluations of the effectiveness of training as measured by  
9 increased security of employment for workers and benefits to the  
10 California economy.

11 (3) The demand for training by industry, type of training, and  
12 size of employer.

13 (4) Changes in skills necessary to perform jobs, including  
14 changes in basic literacy skills.

15 (5) Changes in the demographics of the labor force and the  
16 population entering the labor market.

17 (6) Proposed expenditures by other agencies of federal  
18 Workforce Investment Act funds and other state and federal  
19 training and vocational education funds on eligible participants.

20 (b) Maintain a system to continuously monitor economic and  
21 other data required under this plan. If this data changes significantly  
22 during the life of the plan, the plan shall be amended by the panel.  
23 Each plan shall include all of the following:

24 (1) The panel's objectives with respect to the criteria and  
25 priorities specified in Section 10200 and the distribution of funds  
26 between new-hire training and retraining.

27 (2) The identification of specific industries, production and  
28 quality control techniques, and regions of the state where  
29 employment training funds would most benefit the state's economy  
30 and plans to encourage training in these areas, including specific  
31 standards and a system for expedited review of proposals that meet  
32 the standards.

33 (3) A system for expedited review of proposals that are  
34 substantially similar with respect to employer needs, training  
35 curriculum, duration of training, and costs of training, in order to  
36 encourage the development of proposals that meet the needs  
37 identified in paragraph (2).

38 (4) The panel's goals, operational objectives, and strategies to  
39 meet the needs of small businesses, including, but not limited to,  
40 those small businesses with 100 or fewer employees. These



1 strategies proposed by the panel may include, but not be limited  
2 to, pilot demonstration projects designed to identify potential  
3 barriers that small businesses may experience in accessing panel  
4 programs and workforce training resources, including barriers that  
5 may exist within small businesses.

6 (5) ~~The research objectives of the panel that contribute to the~~  
7 ~~effectiveness of this chapter in benefiting the economy of the state~~  
8 ~~as a whole.~~

9 (6) ~~A priority list of skills or occupations that are in such short~~  
10 ~~supply that employers are choosing to not locate or expand their~~  
11 ~~businesses in the state or are importing labor in response to these~~  
12 ~~skills shortages.~~

13 (7) ~~A review of the panel's efforts to coordinate with the~~  
14 ~~California Workforce Investment Board and local boards to achieve~~  
15 ~~an effective and coordinated approach in the delivery of the state's~~  
16 ~~workforce resources.~~

17 (A) ~~The panel will consider specific strategies to achieve this~~  
18 ~~goal that include the development of initiatives to engage local~~  
19 ~~workforce investment boards in enhancing the utilization of panel~~  
20 ~~training resources by companies in priority sectors, special~~  
21 ~~populations, and in geographically underserved areas of the state.~~

22 (B) ~~Various approaches to foster greater program integration~~  
23 ~~between workforce investment boards and the panel will also be~~  
24 ~~considered, which may include marketing agreements, expanded~~  
25 ~~technical assistance, modification of program regulations and~~  
26 ~~policy, and expanded use of multiple employer contracts.~~

27 (8) ~~Training goals, objectives, and strategies that may be~~  
28 ~~implemented to support target populations in need of employment~~  
29 ~~training, including military veterans and members of the National~~  
30 ~~Guard.~~

31 (e) ~~Solicit proposals and write contracts on the basis of proposals~~  
32 ~~made directly to it. Contracts for the purpose of providing~~  
33 ~~employment training may be written with any of the following:~~

34 (1) ~~An employer or group of employers.~~

35 (2) ~~A training agency.~~

36 (3) ~~A local workforce investment board with the approval of~~  
37 ~~the appropriate local elected officials in the local workforce~~  
38 ~~investment area.~~

39 (4) ~~A grant recipient or administrative entity selected pursuant~~  
40 ~~to the federal Workforce Investment Act of 1998, with the approval~~

1 of the local workforce investment board and the appropriate local  
2 elected officials.

3 ~~These contracts shall be in the form of fixed-fee performance~~  
4 ~~contracts. Notwithstanding any law to the contrary, contracts~~  
5 ~~entered into pursuant to this chapter shall not be subject to~~  
6 ~~competitive bidding procedures. Contracts for training may be~~  
7 ~~written for a period not to exceed 24 months for the purpose of~~  
8 ~~administration by the panel and the contracting employer or any~~  
9 ~~group of employers acting jointly or any training agency for the~~  
10 ~~purpose of providing employment training.~~

11 (d) ~~Fund training projects that best meet the priorities identified~~  
12 ~~annually. In doing so, the panel shall seek to facilitate the~~  
13 ~~employment of the maximum number of eligible participants.~~

14 (e) ~~Establish minimum standards for the consideration of~~  
15 ~~proposals, which shall include, but not be limited to, evidence of~~  
16 ~~labor market demand, the number of jobs available, the skill~~  
17 ~~requirements for the identified jobs, the projected cost per person~~  
18 ~~trained, hired, and retained in employment, the wages paid~~  
19 ~~successful trainees upon placement, and the curriculum for the~~  
20 ~~training. No proposal shall be considered or approved that proposes~~  
21 ~~training for employment covered by a collective bargaining~~  
22 ~~agreement unless the signatory labor organization agrees in writing.~~

23 (f) ~~Ensure the provision of adequate fiscal and accounting~~  
24 ~~controls for, monitoring and auditing of, and other appropriate~~  
25 ~~technical and administrative assistance to, projects funded by this~~  
26 ~~chapter.~~

27 (g) ~~Provide for evaluation of projects funded by this chapter.~~  
28 ~~The evaluations shall assess the effectiveness of training previously~~  
29 ~~funded by the panel to improve job security and stability for~~  
30 ~~workers, and benefit participating employers and the state's~~  
31 ~~economy, and shall compare the wages of trainees in the 12-month~~  
32 ~~period prior to training as well as the 12-month period subsequent~~  
33 ~~to completion of training, as reflected in the department's~~  
34 ~~unemployment insurance tax records. Individual project evaluations~~  
35 ~~shall contain a summary description of the project, the number of~~  
36 ~~persons entering training, the number of persons completing~~  
37 ~~training, the number of persons employed at the end of the project,~~  
38 ~~the number of persons still employed three months after the end~~  
39 ~~of the project, the wages paid, the total costs of the project, and~~

1 the total reimbursement received from the Employment Training  
2 Fund.

3 ~~(h) Report annually to the Legislature, by November 30, on~~  
4 ~~projects operating during the previous state fiscal year. These~~  
5 ~~annual reports shall provide separate summaries of all of the~~  
6 ~~following:~~

7 ~~(1) Projects completed during the year, including their individual~~  
8 ~~and aggregate performance and cost.~~

9 ~~(2) Projects not completed during the year, briefly describing~~  
10 ~~each project and identifying approved contract amounts by contract~~  
11 ~~and for this category as a whole, and identifying any projects in~~  
12 ~~which funds are expected to be disencumbered.~~

13 ~~(3) Projects terminated prior to completion and the reasons for~~  
14 ~~the termination.~~

15 ~~(4) A description of the amount, type, and effectiveness of~~  
16 ~~literacy training funded by the panel.~~

17 ~~(5) Results of complete project evaluations.~~

18 ~~(6) A description of pilot projects, and the strategies that were~~  
19 ~~identified through these projects, to increase access by small~~  
20 ~~businesses to panel training contracts.~~

21 ~~(7) A listing of training projects that were funded in high~~  
22 ~~unemployment areas and a detailed description of the policies and~~  
23 ~~procedures that were used to designate geographic regions and~~  
24 ~~municipalities as high unemployment areas.~~

25 ~~In addition, based upon its experience in administering job~~  
26 ~~training projects, the panel shall include in these reports policy~~  
27 ~~recommendations concerning the impact of job training and the~~  
28 ~~panel's program on economic development, labor-management~~  
29 ~~relations, employment security, and other related issues.~~

30 ~~(i) Conduct ongoing reviews of panel policies with the goal of~~  
31 ~~developing an improved process for developing, funding, and~~  
32 ~~implementing panel contracts as described in this chapter.~~

33 ~~(j) Expedite the processing of contracts for firms considering~~  
34 ~~locating or expanding businesses in the state, in accordance with~~  
35 ~~the priorities for employment training programs set forth in~~  
36 ~~subdivision (b) of Section 10200.~~

37 ~~(k) Coordinate and consult regularly with business groups and~~  
38 ~~labor organizations, the California Workforce Investment Board,~~  
39 ~~the State Department of Education, the office of the Chancellor of~~

1 the California Community Colleges, and the Employment  
2 Development Department.

3 ~~(l) Adopt by regulation procedures for the conduct of panel~~  
4 ~~business, including the scheduling and conduct of meetings, the~~  
5 ~~review of proposals, the disclosure of contacts between panel~~  
6 ~~members and parties at interest concerning particular proposals,~~  
7 ~~contracts or cases before the panel or its staff, the awarding of~~  
8 ~~contracts, the administration of contracts, and the payment of~~  
9 ~~amounts due to contractors. All decisions by the panel shall be~~  
10 ~~made by resolution of the panel and any adverse decision shall~~  
11 ~~include a statement of the reason for the decision.~~

12 ~~(m) Adopt regulations and procedures providing reasonable~~  
13 ~~confidentiality for the proprietary information of employers seeking~~  
14 ~~training funds from the panel if the public disclosure of that~~  
15 ~~information would result in an unfair competitive disadvantage to~~  
16 ~~the employer supplying the information. The panel may not~~  
17 ~~withhold information from the public regarding its operations,~~  
18 ~~procedures, and decisions that would otherwise be subject to~~  
19 ~~disclosure under the California Public Records Act (Chapter 3.5~~  
20 ~~(commencing with Section 6250) of Division 7 of Title 1 of the~~  
21 ~~Government Code).~~

22 ~~(n) Review and comment on the budget and performance of any~~  
23 ~~program, project, or activity funded by the panel utilizing funds~~  
24 ~~collected pursuant to Section 976.6.~~

25 ~~SEC. 9.~~

26 *SEC. 8.* This act is an urgency statute necessary for the  
27 immediate preservation of the public peace, health, or safety within  
28 the meaning of Article IV of the Constitution and shall go into  
29 immediate effect. The facts constituting the necessity are:

30 In order for the state *Department of Veterans Affairs* to offer  
31 employment training and housing finance opportunities to veterans,  
32 including cooperative dwelling loans, as soon as possible, it is  
33 necessary that this act go into immediate effect.